



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Hans F. Larsen  
Kim Walesh

**SUBJECT: PARKING AGREEMENT WITH  
ERNST AND YOUNG, LLP**

**DATE:** September 8, 2014

Approved

Date

9/16/14

**COUNCIL DISTRICT: 3**

## **RECOMMENDATION**

It is recommended that City Council adopt a resolution authorizing the City Manager, or designee, to execute a parking agreement with Ernst and Young, LLP, providing for the issuance of up to 100 parking permits for use at various City-owned and/or operated parking facilities for up to 5 years; and to approve amendments to the parking agreement to increase or decrease the number of parking permits.

## **OUTCOME**

The proposed agreement with Ernst and Young will support the retention of a major business in the Downtown, with the continued activation of over 73,000 square feet of office space.

## **BACKGROUND**

In April 2010, Council adopted various parking incentive programs that have been successful in attracting new businesses and retaining existing businesses Downtown through the provision of free and reduced rate parking. Since April 2010, 171 businesses have executed parking agreements, occupying a combined office space in excess of 620,000 square feet for over 1,460 employees. The combined value of the free and discounted parking provided to these businesses through the terms of their respective parking agreements is approximately \$2,360,000.

For businesses relocating their parking to a City owned or operated parking facility and entering into a new office lease, the Director of Transportation is authorized to execute a parking lease agreement providing free parking for up to two years, for up to 50 employees. The maximum period for the free parking is one-half the length of the new building lease. Under certain

parameters, free parking could be provided for up to two and one half years, for up to 100 employees.

Ernst and Young is a multinational professional services firm, and is one of the “Big Four” accounting firms, with a San José office located at 303 Almaden Blvd. Ernst and Young is entering into a new office lease and will occupy over 73,000 square feet of office space at this location, where it will employ approximately 700 employees. As part of its consideration to remain Downtown, Ernst and Young requested assistance from the City with parking for some of its employees. The proposed parking agreement with Ernst and Young requires City Council approval, as the proposed terms of the agreement exceed the current authority provided to the Director of Transportation.

### **ANALYSIS**

The term of the parking agreement with Ernst and Young would commence January 1, 2015 and continue to December 31, 2019, a total of 5 years. The major provisions of the proposed agreement include the following:

#### **Parking Facilities**

Parking permits would be provided for up to 50 Ernst and Young employees to park at the Almaden/Woz parking lot, and for up to another 50 employees to park at the Woz/87 parking lot. An additional 50 parking permits would be provided for use at the Almaden/Woz parking lot after 6 p.m., enabling Ernst and Young employees parking at the Woz/87 lot to relocate their vehicle closer to the company office during evening hours.

#### **Monthly Parking Rate**

During the term of the agreement, the monthly parking rates will be \$50 per permit issued for use at the Almaden/Woz parking lot, and \$35 per permit issued for use at the Woz/87 lot. The permits issued for use at the Almaden/Woz parking lot after 6 p.m. will be at no cost.

#### **Amendments**

Consistent with other parking incentive agreements, it is proposed that the City Manager, or designee, receive Council authority to approve amendments to the parking agreement, including increasing or decreasing the number of parking permits provided to Ernst and Young; down to a minimum of 30 parking permits and up to a maximum of 50 parking permits per parking lot during the term of the agreement.

### **Termination of Agreement**

The agreement includes various termination provisions. For example, as the City leases both of the parking lots, the agreement is contingent on the City's continued lease and operation of the facilities. Additionally, if one or more of the parking lots used by Ernst and Young employees are damaged and become wholly or substantially unusable, the City may terminate the agreement. If the City no longer operates either of the parking lots, or the facilities are damaged, the City would make good faith efforts to relocate Ernst and Young employees to another City parking facility with available parking spaces.

### **Availability of Parking**

The Almaden/Woz and Woz/87 surface lots have a combined total of 685 parking spaces. The average weekday peak occupancy at the Almaden/Woz lot is 54%, and 41% at the Woz/87 lot, leaving adequate space to accommodate Ernst and Young employees on a majority of weekdays. With the additional monthly parking activity at the Almaden/Woz lot, it is anticipated that there will be occasional weekday periods when this lot will approach peak occupancy due to events at the Convention Center and some event parking will need to be redirected to other available parking facilities.

### **EVALUATION AND FOLLOW-UP**

There is no further follow-up with Council anticipated at this time.

### **POLICY ALTERNATIVES**

Council could elect not to approve the parking agreement with Ernst and Young; however, the assistance outlined above is critical for Ernst and Young's retention in the Downtown.

### **PUBLIC OUTREACH/INTEREST**

This memorandum will be posted on the City's website for the September 30, 2014 Council agenda.

### **COORDINATION**

This report has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and Team San Jose.

### **FISCAL POLICY ALIGNMENT**

The Parking Incentive Programs support the Economic Strategy 18-Month Implementation Workplan to "*Continue to Position Downtown as Silicon Valley's City Center.*"

### **COST SUMMARY IMPLICATIONS**

The proposed parking lease will provide a positive revenue source for the Parking Fund, with annualized revenues of \$51,000, if Ernst and Young utilizes all of the parking over the 5-year term of the agreement.

### **CEQA**

Not a Project, File No. PP10-066(f), Agreement for lease of existing space.

/s/  
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Director of Transportation

/s/  
KIM WALES  
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Chief Strategist

For questions please contact Laura Wells, Deputy Director for Transportation and Parking Operations, at 408-975-3625.